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LEXIS DISTRICT OF COLUMBIA CODE ANNOTATED
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*** CURRENT THROUGH D.C. LAW 18-8, EFFECTIVE JUNE 2, 2009 ***
*** AND THROUGH D.C. ACT 18-97 ***
*** STATE ANNOTATIONS CURRENT THROUGH FEBRUARY 27, 2009 ***

TITLE 31. INSURANCE AND SECURITIES
SUBTITLE IV. HEALTH AND RELATED INSURANCE
CHAPTER 35. HOSPITAL AND MEDICAL SERVICES CORPORATIONS REGULATION

GO TO DISTRICT OF COLUMBIA CODE ARCHIVE DIRECTORY

D.C. Code § 31-3501 (2009)

§ 31-3501. Definitions [Formerly § 35-4701]

For the purposes of this chapter, the term:

- (1) "Commissioner" means the Commissioner of the Department of Insurance, Securities, and Banking.
- (1A) "Community health reinvestment" means expenditures that promote and safeguard the public health or that benefit current or future subscribers, including premium rate reductions.
- (1B) "Contractholder" means a person entering into a subscriber contract with a corporation.
- (2) "Corporation" means a nonstock, nonprofit corporation which is subject to regulation and licensing under this chapter and which offers subscriber contracts as part of a hospital service plan, a medical service plan, or both.
- (3) "Domestic corporation" means a corporation organized under the laws of the District, or formed or organized under an act of Congress.
- (3A) "Healthy DC Fund" means the Healthy DC Fund established by § 31-3514.02.
- (4) "Hospital service plan" means a plan for providing hospital and related services by hospitals and others which entitles a subscriber to certain hospital and related services, or to benefits and indemnification for such services.
- (5) "Mayor" means the Mayor of the District of Columbia or the Mayor's designated agent.
- (6) "Medical service plan" means a plan for providing medical services and related services by physicians and others which entitles a subscriber to certain medical and related services, or to benefits and indemnification for such services.
- (7) "Plan" means a hospital service plan, a medical service plan, or a combination of the two.
- (7A) "RS Fund" means the rate stabilization fund established by § 31-3514(j).
- (8) "Subscriber" means any person entitled to benefits under the terms and conditions of a subscriber contract.
- (9) "Subscriber contract" means a written group or individual contract which is issued to a contractholder by a corporation which provides for subscriber participation in a hospital service plan, a medical service plan, or a combination of the two.

(10) "Subsidiary" means an affiliate controlled by a corporation directly or indirectly through 1 or more intermediaries.

(11) "Surplus" means the amount by which all admitted assets of the corporation exceed its liabilities, inclusive of the reserves required pursuant to § 31-3509.

HISTORY: 1981 Ed., § 35-4701; Apr. 9, 1997, D.C. Law 11-245, § 2, 44 DCR 1158; Mar. 2, 2007, D.C. Law 16-192, § 5012(a), 53 DCR 6899; Mar. 25, 2009, D.C. Law 17-369, § 2(a), 56 DCR 1346.

NOTES: EFFECT OF AMENDMENTS. --D.C. Law 16-192 added (3A) and (7A).

The 2009 amendment by D.C. Law 17-369 redesignated former (1) as (1B); and added (1) and (1A).

EMERGENCY LEGISLATION. --For temporary addition of (3A) and (7A), see § 5012(a) of the Fiscal Year 2007 Budget Support Emergency Act of 2006 (D.C. Act 16-477, August 8, 2006, 53 DCR 7068).

For temporary addition of (3A) and (7A), see § 5012(a) of the Fiscal Year 2007 Budget Support Congressional Review Emergency Act of 2006 (D.C. Act 16-499, October 23, 2006, 53 DCR 8845).

For temporary addition of (3A) and (7A), see § 5012(a) of the Fiscal Year 2007 Budget Support Congressional Review Emergency Act of 2007 (D.C. Act 17-1, January 16, 2007, 54 DCR 1165).

LEGISLATIVE HISTORY OF LAW 11-245. --Law 11-245, the "Hospital and Medical Services Corporation Regulatory Act of 1996," was introduced in Council and assigned Bill No. 11-780. The Bill was adopted on first and second readings on November 7, 1996, and December 3, 1996, respectively. Signed by the Mayor on December 24, 1996, it was assigned Act No. 11-505 and transmitted to both Houses of Congress for its review. D.C. Law 11-245 became law on April 9, 1997.

LEGISLATIVE HISTORY OF LAW 16-192. --Law 16-192, the "Fiscal Year 2007 Budget Support Act of 2006," was introduced in Council and assigned Bill No. 16-679. The Bill was adopted on first and second readings on May 9, 2006, and July 11, 2006, respectively. Signed by the Mayor on Aug. 8, 2006, it was assigned Act No. 16-476 and transmitted to Congress for its review. D.C. Law 16-192 became effective on Mar. 2, 2007.

LEGISLATIVE HISTORY OF LAW 17-369. --Law 17-369, the "Medical Insurance Empowerment Amendment Act of 2008" was introduced in Council and assigned Bill No. 17-934. The Bill was adopted on first and second readings on Dec. 2, 2008 and Dec. 16, 2008, respectively. Signed by the Mayor on Jan. 23, 2009, it was assigned Act No. 17-704 and transmitted to Congress for its review. D.C. Law 17-369 became effective on Mar. 25, 2009.



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D.C. Code § 31-3502 (2009)

§ 31-3502. Exclusivity of provisions [Formerly § 35-4702]

(a) Except as provided in subsection (b) of this section, a corporation organized under the laws of the District of Columbia, or any state, or chartered by act of the Congress of the United States and issuing subscriber contracts in the District of Columbia shall be governed by this chapter and shall be exempt from all other provisions of District of Columbia law governing insurance, except as specifically referred to herein. No insurance law hereafter enacted by the District of Columbia shall be deemed to apply to such a corporation unless it is specifically referred to therein or unless such law represents an amendment or replacement of an insurance law made applicable to such corporations pursuant to § 31-3503. Any regulations promulgated by the Mayor to implement the provisions of any law made applicable to such a corporation by this chapter shall also apply to such a corporation.

(b) (1) A conversion or management or service contract with a for-profit entity shall not be approved by the Attorney General unless charitable assets, if any, have been adequately protected. In determining whether charitable assets have been adequately protected, the Attorney General shall apply the standard enumerated in § 44-603(c).

(2) The Commissioner of the Department of Insurance, Securities, and Banking, in consultation with the Attorney General, shall assess the for-profit entity the necessary or appropriate costs related to, and shall expend such amounts for, the review of the conversion or management or service contract with a for-profit entity. Such costs may include the costs of expert review, educating the public, or obtaining public comments. For purposes of costs assessed and expended under this paragraph, the provisions of Unit A of Chapter 3 of Title 2 shall not apply.

(3) The provisions of §§ 44-605 and 44-607 shall apply to any conversions or management or service contracts with a for-profit entity.

HISTORY: 1981 Ed., § 35-4702; Apr. 9, 1997, D.C. Law 11-245, § 3, 44 DCR 1158; Oct. 23, 1997, D.C. Law 12-32, § 12(b), 44 DCR 4819; March 25, 2003, D.C. Law 14-236, § 3, 49 DCR 10483; June 11, 2004, D.C. Law 15-166, § 4(u)(1), 51 DCR 2817.

NOTES: EFFECT OF AMENDMENTS. --D.C. Law 14-236 added the last sentence in (b)(2).

D.C. Law 15-166 substituted "Commissioner of the Department of Insurance, Securities, and Banking" for "Commissioner of Insurance and Securities" in (b)(2).

TEMPORARY LEGISLATION. --Section 3 of D.C. Law 14-159 amended (b)(2) to read as follows:

"The Commissioner of Insurance and Securities, in consultation with the Corporation Counsel, shall assess the for-profit entity the necessary or appropriate costs related to, and shall expend such amounts for, the review of the conversion or management or service contract with a for-profit entity. Such costs may include the costs of expert review, educating the public, or obtaining public comments. For purposes of costs assessed and expended under this paragraph, the provisions of the District of Columbia Procurement Practices Act of 1985, effective February 21, 1986 (D.C. Law 6-85; *D.C. Code § 2-301.01 et seq.*), shall not apply."

Section 6(b) of D.C. Law 14-159 provided that the act shall expire after 225 days of its having taken effect or upon the effective date of the Department of Insurance and Securities Regulation Procurement Act of 2002, whichever occurs first.

EMERGENCY LEGISLATION. --For temporary amendment of subdivision (b)(2), see § 3 of the Department of Insurance and Securities Regulation Procurement Emergency Act of 2002 (D.C. Act 14-314, March 26, 2002, 49 DCR 3451).

For temporary amendment of (b)(2), see § 3 of the Department of Insurance and Securities Regulation Procurement Congressional Review Emergency Act of 2003 (D.C. Act 15-9, January 27, 2003, 50 DCR 1478).

For temporary amendment of (b)(2), see § 4(u)(1) of the Consolidation of Financial Services Emergency Amendment Act of 2004 (February 27, 2004, D.C. Act 15-381, 51 DCR 2652).

LEGISLATIVE HISTORY OF LAW 11-245. --See note to § 31-3501.

LEGISLATIVE HISTORY OF LAW 12-32. --Law 12-32, the "Healthcare Entity Conversion Act of 1997," was introduced in Council and assigned Bill No. 12-112. The Bill was adopted on first and second readings on June 3, 1997, and July 1, 1997, respectively. Signed by the Mayor on July 17, 1997, it was assigned Act No. 12-128 and transmitted to both Houses of Congress for its review. D.C. Law 12-32 became effective on October 23, 1997.

LEGISLATIVE HISTORY OF LAW 14-159. --Law 14-159, the "Department of Insurance and Securities Regulation Procurement Temporary Act of 2002," was introduced in Council and assigned Bill No. 14-570. The Bill was adopted on first and second readings on March 5, 2002, and April 9, 2002, respectively. Signed by the Mayor on April 24, 2002, it was assigned Act No. 14-338 and transmitted to both Houses of Congress for its review. D.C. Law 14-159 became effective on June 25, 2002.

LEGISLATIVE HISTORY OF LAW 14-236. --Law 14-236, the "Department of Insurance and Securities Regulation Procurement Amendment Act of 2002," was introduced in Council and assigned Bill No. 14-571. The Bill was adopted on first and second readings on July 2, 2002, and October 1, 2002, respectively. Signed by the Mayor on October 23, 2002, it was assigned Act No. 14-515 and transmitted to Congress for its review. D.C. Law 14-236 became effective on March 25, 2003.

LEGISLATIVE HISTORY OF LAW 15-166. --Law 15-166, the "Consolidation of Financial Services Amendment Act of 2004," was introduced in Council and assigned Bill No. 15-518. The Bill was adopted on first and second readings on Jan. 6, 2004, and Feb. 3, 2004, respectively. Signed by the Mayor on Feb. 27, 2004, it was assigned Act No. 15-385 and transmitted to both Houses of Congress for its review. D.C. Law 15-166 became effective on June 11, 2004.

ANALYSIS

Applicability

APPLICABILITY.

Although hospital service provider was not regulated by this chapter, Department of Insurance and Securities Regulation did not err by relying on this chapter to determine that it was premature to resolve question of whether provider was a charitable institution. *Fair Care Found. v. District of Columbia Dep't of Ins. & Sec. Regulation*, App. D.C., 716 A.2d 987 (1998).



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D.C. Code § 31-3503 (2009)

§ 31-3503. Applicability of other provisions [Formerly § 35-4703]

(a) A corporation governed by this chapter shall also be subject to the following other provisions of District of Columbia insurance law, including any amendments or replacements thereof hereafter enacted:

- (1) *Sections 31-201* [repealed], 31-202, and 31-206, referring to general provisions of insurance regulation;
- (2) *Section 31-207*, referring to general provisions of insurance regulation;
- (3) *Sections 31-5203* and *31-5204*, referring to delivery (with each policy issued) of a copy of the insured's application, and to the principal office, books, and records of insurance companies;
- (4) Chapter 16 of this title, referring to prohibition against discrimination in the provision of insurance on the basis of an AIDS test;
- (5) Chapter 42 of this title, referring to the applicability of, and definitions in, the Life Insurance Act;
- (6) *Sections 31-4301*, *31-4302*, *31-4303*, *31-4305*, *31-4308* [repealed], 31-4309 [repealed], 31-4310(b), 31-4311 [repealed], 31-4312 through 31-4317, 31-4322 [repealed], 31-4324 through 31-4328 [repealed], and 31-4329 through 31-4332, governing, in part, fees chargeable to, certificates of authority for, publication of false statements by, and licensing of agents acting for life insurance companies;
- (7) *Sections 31-4713* through 31-4715 [repealed], 31-4718 [repealed], and 31-4724 through 31-4730, referring, in part, to the prohibitions against discrimination, securities, operations, and policy provisions restricting access to optometrists and psychologists by life insurance companies;
- (8) *Sections 31-4401* through *31-4404*, *31-4406*, *31-4407*, *31-4409*, *31-4427*, *31-4429*, *31-4430*, *31-4435* [repealed], 31-4439, 31-4440, and 31-4443 through 31-4452, referring, in part, to articles of incorporation, election of officers, permissible investments, bookkeeping, and consolidation/merger of domestic life insurance companies;
- (9) Chapter 46 of this title, governing penalties for violations and severability with respect to the provisions cited in paragraphs 5 through 8 of this subsection;
- (10) Chapter 38 of this title, requiring that certain individual and group health insurance policies cover a newborn child from the moment of birth;

(11) Chapter 54 of this title, creating the District of Columbia Life and Health Insurance Guarantee Association and authorizing it to assume, guarantee, and reinsure any policy issued by a member insurer which becomes potentially unable to fulfill its contractual obligations;

(12) Chapter 31 of this title, requiring certain group and individual health insurance policies to provide coverage for the medical and psychological treatment of alcohol abuse, drug abuse, and mental illness;

(13) Chapter 29 of this title, requiring a group or individual health insurance policy issued more than 120 days after March 7, 1991, to cover certain preventive cancer screens for women;

(14) Chapter 37 of this title, authorizing the Mayor to issue regulations establishing specific standards for Medicare supplement insurance policies;

(15) Chapter 12 of this title, establishing the Insurance Regulatory Trust Fund and requiring each insurer doing business in the District to deposit in the Fund a percentage amount to be used to defray expenses of the Insurance Administration;

(16) Chapter 13 of this title, authorizing and regulating delinquency proceedings by the Commissioner of Insurance and Securities [Commissioner of the Department of Insurance, Securities, and Banking] in the Superior Court of the District of Columbia against certain insurers;

(17) Chapter 15 of this title, establishing licensing and other requirements for managing general agents of certain insurers;

(18) Chapter 18 of this title, establishing licensing and other requirements for the assumed reinsurance business;

(19) Chapter 3 of this title, requiring insurers to file with the Mayor an accountant-prepared annual audit and other reports;

(20) Chapter 5 of this title, governing the circumstances under which a domestic insurer may obtain a credit for reinsurance ceded to another insurer;

(21) Chapter 19 of this title, governing an insurer's filing with the Mayor and the National Association of Insurance Commissioners ("NAIC") of an annual financial statement;

(22) Chapter 21 of this title, establishing standards for determining whether the continued operation of any insurer transacting business in the District might be hazardous to creditors, the general public, or policyholders, and authorizing the Mayor to order certain corrective actions after making such a determination;

(23) Chapter 14 of this title, governing examinations by the Mayor or any person subject to the District's insurance laws;

(24) Chapter 7 of this title, governing certain acquisition, investment, security issuance, and other activities in the insurance industry, requiring the registration of insurers that are part of an insurance holding company system, regulating transactions within such a system, regulating the management of domestic insurers in such a system, and authorizing the Mayor to conduct examinations of insurers that are part of such a system;

(25) Chapter 49 of this title, requiring the submission to the Mayor of an annual opinion by a qualified actuary;

(26) Chapter 26 of Title 47, requiring an annual license or certificate of authority from the Commissioner of Insurance and Securities [Commissioner of the Department of Insurance, Securities, and Banking] for each insurer doing business in the District, requiring the filing of an annual statement by each such insurer, and imposing a tax on each such insurer's at-risk business in the District; and

(27) Chapter 20 of Title 31, requiring insurers to file with the Mayor annual risk-based capital reports.

(b) Reference in the provisions cited in subsection (a) of this section to "insurers," "companies," or similar terms shall be deemed to include reference to a corporation governed by this chapter.

HISTORY: 1981 Ed., § 35-4703; Apr. 9, 1997, D.C. Law 11-245, § 4, 44 DCR 1158; Mar. 25, 2009, D.C. Law 17-369, § 2(b), 56 DCR 1346.

NOTES: SECTION REFERENCES. --This section is referenced in § 31-3502, § 31-3510, and § 31-3518.

D.C. Code § 31-3503

EFFECT OF AMENDMENTS. --The 2009 amendment by D.C. Law 17-369 added (a)(27) and made related changes.

LEGISLATIVE HISTORY OF LAW 11-245. --See note to § 31-3501.

LEGISLATIVE HISTORY OF LAW 17-369. --See note to § 31-3501.



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D.C. Code § 31-3504 (2009)

§ 31-3504. Application for certificate of authority [Formerly § 35-4704]

(a) No corporation subject to the provisions of this chapter, whether organized pursuant to the laws of the District of Columbia, or of any state, or by act of the Congress of the United States, shall issue subscriber contracts until the Mayor has authorized it to do so by issuance of a certificate of authority.

(b) Application for such certificate of authority shall be made on forms to be supplied by the Mayor containing such information as the Mayor shall deem necessary. Each application for such certificate of authority, including each application for renewal, shall contain payment of a fee of \$ 200 to the District of Columbia, which shall be collected by the Commissioner of the Department of Insurance, Securities, and Banking and shall be accompanied by copies of the following documents, duly certified by an executive officer of such corporation:

(1) Articles of incorporation, with all amendments thereto;

(2) Bylaws, with all amendments thereto;

(3) Each contract form executed or proposed to be executed by and between the corporation and any hospital, physician, or other medical service provider embodying the terms under which hospital and medical service is to be furnished to subscribers;

(4) Each form of subscriber contract issued or proposed to be issued, together with a table of rates charged, or proposed to be charged, including actuarial justifications, to subscribers;

(5) A financial statement of the corporation, which shall include the amount of each contribution paid or agreed to be paid to the corporation for working capital, the name or names of each contributor, and the terms of each contribution;

(6) A risk-based capital report prepared in the manner prescribed by any risk-based capital ("RBC") regulations for hospital and medical services corporations promulgated by the Mayor;

(7) A list of the names and addresses and biographical information for the members of the board of directors, or board of trustees, and for the officers of the corporation;

(8) A statement of the geographical area in which the corporation proposes to operate; and

(9) Any other information or documents the Mayor deems necessary to assure compliance with this chapter.

(c) In addition, if the applicant is a foreign corporation:

(1) It shall provide the Mayor with an instrument authorizing service of process on the Mayor in accordance with § 31-4323;

(2) It shall satisfy the Mayor that the corporation is duly organized under the laws of the state under whose laws it professes to be organized, and is authorized to do the business it is transacting or proposes to transact; and

(3) It shall satisfy the Mayor that its funds are invested in accordance with the laws of its domicile and in securities or property which afford a degree of financial security substantially equal to that required for a corporation organized under the laws of the District of Columbia, and that it has a surplus at least equal to that required to be maintained by corporations authorized to do business pursuant to the provisions of this chapter.

HISTORY: 1981 Ed., § 35-4704; Apr. 9, 1997, D.C. Law 11-245, § 5, 44 DCR 1158; Mar. 24, 1998, D.C. Law 12-81, § 47, 45 DCR 745; June 11, 2004, D.C. Law 15-166, § 4(u)(2), 51 DCR 2817.

NOTES: SECTION REFERENCES. --This section is referenced in § 31-3505.

EFFECT OF AMENDMENTS. --D.C. Law 15-166 substituted "Commissioner of the Department of Insurance, Securities, and Banking" for "Commissioner of Insurance and Securities" in the second sentence of (b).

EMERGENCY LEGISLATION. --For temporary amendment of (b), see § 4(u)(2) of the Consolidation of Financial Services Emergency Amendment Act of 2004 (February 27, 2004, D.C. Act 15-381, 51 DCR 2652). 11-245.

LEGISLATIVE HISTORY OF LAW 11-245 --See note to § 31-3501.

LEGISLATIVE HISTORY OF LAW 12-81. --Law 12-81, the "Technical Amendments Act of 1998," was introduced in Council and assigned Bill No. 12-408. The Bill was adopted on first and second readings on November 4, 1997, and December 4, 1997, respectively. Signed by the Mayor on December 22, 1997, it was assigned Act No. 12-246 and transmitted to both Houses of Congress for its review. D.C. Law 12-81 became effective on March 24, 1998.

LEGISLATIVE HISTORY OF LAW 15-166. --See note to § 31-3502.



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D.C. Code § 31-3505 (2009)

§ 31-3505. Requirements for issuance of certificate of authority [Formerly § 35-4705]

The Mayor shall issue a certificate of authority to each applicant upon the payment of the \$ 200 fee provided for in § 31-3504(b), and upon being satisfied that:

(a) The applicant has been organized bona fide for the purpose of establishing, maintaining, and operating a hospital service plan, a medical service plan, or combination of the two;

(b) Each contract executed, or proposed to be executed, by the applicant and any hospital, physician, or other medical provider for the furnishing of hospital or medical services to subscribers obligates, or will when executed obligate, each hospital, physician, or other similar service provider which is a party thereto to render the service to which each subscriber may be entitled under the terms and conditions of the various subscriber contracts issued, or proposed to be issued, by the applicant;

(c) Each subscriber contract issued, or proposed to be issued, in the District of Columbia is in a form approved by the Mayor, and that the rate charged, or proposed to be charged, for each form of such contract is approved by the Mayor as not being excessive, inadequate, or unfairly discriminatory in relation to the services and benefits offered; provided, that rates for experience rated groups need not, in accordance with § 31-3508(c), be filed with the Mayor;

(d) The applicant has a surplus of an amount equal to or greater than that required under § 31-3506, or the amount determined to be necessary pursuant to application of any risk-based capital regulations for hospital and medical services corporations promulgated by the Mayor; and

(e) The applicant has made provision for compliance with the open enrollment requirements of § 31-3514, including the providing of other public services in the District of Columbia as required in § 31-3514.

HISTORY: 1981 Ed., § 35-4705; Apr. 9, 1997, D.C. Law 11-245, § 6, 44 DCR 1158.

NOTES: LEGISLATIVE HISTORY OF LAW 11-245. --See note to § 31-3501.



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D.C. Code § 31-3505.01 (2009)

§ 31-3505.01. Community health reinvestment

A corporation shall engage in community health reinvestment to the maximum feasible extent consistent with financial soundness and efficiency.

HISTORY: D.C. Law 11-245, § 6a, as added Mar. 25, 2009, D.C. Law 17-369, § 2(c), 56 DCR 1346.

NOTES: EFFECT OF AMENDMENTS. --The 2009 amendment by D.C. Law 17-369 added this section.

LEGISLATIVE HISTORY OF LAW 17-369. --See note to § 31-3105.

EDITOR'S NOTES. --Section 6a of D.C. Law 11-245, as added by Section 2(c) of 17-369, was codified as this section by LexisNexis. If the act section is codified by the Codification Counsel, it may be placed elsewhere in the D.C. Code.



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D.C. Code § 31-3506 (2009)

§ 31-3506. Surplus requirements [Formerly § 35-4706]

(a) At the time of issuance of a certificate of authority under this chapter and at all times thereafter until risk-based capital regulations for hospital and medical services corporations are promulgated, a corporation must possess surplus in an amount which is the greater of \$ 5,000,000 or 8.0% of the total amount of premiums for insured risk received by the corporation in the preceding calendar year. The total amount of premiums for insured risk shall not include premiums collected for federal health benefit programs that have a separate reserve fund held by the federal government.

(b) The surplus requirement of 8.0% shall be phased-in following April 9, 1997 as follows:

- (1) Year one -- 40% of the surplus requirement in subsection (a) of this section;
- (2) Year two -- 60% of the surplus requirement in subsection (a) of this section;
- (3) Year three -- 80% of the surplus requirement in subsection (a) of this section; and
- (4) Year four -- 100% of the surplus requirement in subsection (a) of this section.

(c) The Mayor shall have the authority to require the differentiation of the corporation's activities into risk and non-risk business for the purpose of determining the corporation's income that is derived from premiums for insured risk and from other sources.

(d) Notwithstanding the provisions of subsection (a) of this section, at the time of issuance of a certificate of authority under this chapter and at all times thereafter, a corporation shall be subject to the provisions of any risk-based capital regulations for hospital and medical services corporations promulgated by the Mayor, and must maintain at all times such surplus as is determined to be necessary under those regulations.

(e) Within 120 days after March 25, 2009, and annually thereafter, the Commissioner shall review the portion of the surplus of the corporation that is attributable to the District and shall issue a determination as to whether the surplus is excessive. The surplus may be considered excessive only if:

- (1) The surplus is greater than the appropriate risk-based capital requirements as determined by the Commissioner for the immediately preceding calendar year; and
- (2) After a hearing, the Commissioner determines that the surplus is unreasonably large and inconsistent with the corporation's obligation under § 31-3505(a).

(f) In determining whether the surplus of the corporation that is attributable to the District is excessive, the Commissioner shall take into account all of the corporation's financial obligations arising in connection with the conduct of the corporation's insurance business, including premium tax paid and the corporation's contribution to the open enrollment program required by § 37-3514.

(g) (1) If the Commissioner determines that the surplus of the corporation is excessive, the Commissioner shall order the corporation to submit a plan for dedication of the excess to community health reinvestment in a fair and equitable manner.

(2) A plan submitted pursuant to paragraph (1) of this subsection may consist entirely of expenditures for the benefit of current subscribers of the corporation.

(h) When determining what surplus is attributable to the District and whether the surplus is excessive, the Commissioner may retain attorneys, appraisers, independent actuaries, independent certified public accountants, or other professionals, the cost of which shall be borne by the corporation.

(i) If the Commissioner determines that the corporation failed to submit a plan as ordered under subsection (g) of this section within a reasonable period or failed to execute within a reasonable period a plan already submitted under subsection (g) of this section, the Commissioner shall deny for 12 months all premium rate increases for subscriber policies written in the District sought by the corporation pursuant to § 31-3508 and may issue such orders as are necessary to enforce the purposes of this chapter.

HISTORY: 1981 Ed., § 4706; Apr. 9, 1997, D.C. Law 11-245, § 7, 44 DCR 1158; Mar. 25, 2009, D.C. Law 17-369, § 2(d), 56 DCR 1346.

NOTES: SECTION REFERENCES. --This section is referenced in § 31-3505.

EFFECT OF AMENDMENTS. --The 2009 amendment by D.C. Law 17-369 added (e) through (i).

LEGISLATIVE HISTORY OF LAW 11-245. --See note to § 31-3501.

LEGISLATIVE HISTORY OF LAW 17-369. --See note to § 31-3501.



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D.C. Code § 31-3506.01 (2009)

§ 31-3506.01. Compliance and implementation of community health reinvestment obligations

(a) A corporation shall make available to the commissioner such information as may be required to permit the Commissioner to verify the corporation's community health reinvestment and, if appropriate, its compliance with its plan to dedicate excess surplus. When verifying the community health reinvestment or the corporation's compliance with its plan, the Commissioner may retain attorneys, appraisers, independent actuaries, independent certified public accountants, or other professionals, the cost of which shall be borne by the corporation.

(b) In implementing the provisions of the Medical Insurance Empowerment Amendment Act of 2008 [D.C. Law 17-369], the Commissioner shall consider the interests and needs of the jurisdictions in the corporation's service area.

HISTORY: D.C. Law 11-245, § 7a, as added Mar. 25, 2009, D.C. Law 17-369, § 2(e), 56 DCR 1346.

NOTES: EFFECT OF AMENDMENTS. --The 2009 amendment by D.C. Law 17-369 added this section.

LEGISLATIVE HISTORY OF LAW 17-369. --See note to § 31-3501.

EDITOR'S NOTES. --Section 7a of D.C. Law 11-245, as added by Section 2(e) of D.C. Law 17-369, was codified as this section by LexisNexis. If the act section is codified by the Codification Counsel, it may be placed elsewhere in the D.C. Code.



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D.C. Code § 31-3507 (2009)

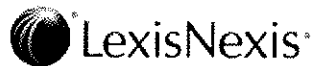
§ 31-3507. Filing of provider contracts [Formerly § 35-4707]

(a) A corporation holding a certificate of authority under this chapter may enter into contracts with licensed hospitals, licensed physicians, and other duly licensed medical services providers.

(b) A copy of each contract form that a corporation, referred to in subsection (a) of this section, has with licensed hospitals, licensed physicians, and other duly licensed medical services providers shall be filed with the Mayor.

HISTORY: 1981 Ed., § 35-4707; Apr. 9, 1997, D.C. Law 11-245, § 8, 44 DCR 1158.

NOTES: LEGISLATIVE HISTORY OF LAW 11-245. --See note to § 31-3501.



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D.C. Code § 31-3508 (2009)

§ 31-3508. Filing of subscriber contract forms and rates [Formerly § 35-4708]

(a) Contract form filings.

(1) The form and content of all subscriber contracts between corporation and its contractholders issued in the District of Columbia, including any group certificates and any riders, endorsements, amendments, or other forms made a part of the subscriber contract, shall, at all times, be subject to the prior approval of the Mayor.

(2) The Mayor shall disapprove a proposed form of subscriber contract if the form contains provisions which are unjust, unfair, inequitable, inadequate, misleading, or deceptive, which encourage misrepresentation of the coverage, or which are otherwise not in compliance with applicable provisions of this chapter.

(3) Each subscriber contract, group certificate, or other contract form shall plainly state the services, benefits, and indemnification to which the subscriber is entitled as well as the services, benefits, and indemnification to which the subscriber is not entitled.

(4) Each proposed form of a subscriber contract shall be on file for a waiting period of 60 days before it becomes effective. When, in the Mayor's opinion, a filing is not accompanied by the information needed to support it and the Mayor does not have sufficient information to determine whether the filing meets the requirements of this section, a corporation shall be required to furnish the needed information. In such event the waiting period shall be suspended and shall recommence as of the date the information is furnished. Upon written application by the corporation, the Mayor may authorize a filing which the Mayor has reviewed to become effective before the expiration of the waiting period or any extension thereof, or at any later date. A filing shall be deemed approved unless disapproved by the Mayor within the waiting period or any extension thereof requested by the corporation.

(b) Rate filings for individual subscriber contracts. -- All rates for individual subscriber contracts issued in the District of Columbia shall be subject to the prior approval of the Mayor. Each proposed rate filing shall be on file for a waiting period of 60 days before it becomes effective. When, in the Mayor's opinion, a rate filing is not accompanied by the information needed to support it and the Mayor does not have sufficient information to determine whether the rate filing meets the requirements of this section, a corporation shall be required to furnish the needed information. In such event, the waiting period shall be suspended and shall recommence as of the date the information is furnished. Upon written application by the corporation, the Mayor may authorize a rate filing which the Mayor has reviewed to become effective before the expiration of the waiting period or any extension thereof. A filing shall be deemed approved unless disapproved by the Mayor within the waiting period or any extension thereof requested by the corporation. All approved

rate filings for individual subscriber contracts submitted in other jurisdictions shall be filed with the Mayor for information purposes only.

(c) Rate filings for group subscriber contracts. -- All rates for group subscriber contracts, other than experience rated groups, issued in the District of Columbia shall be filed with the Mayor no later than the date on which a corporation proposes to make such rates effective. The rate filing shall be subject to review and disapproval by the Mayor for a period of 60 days after the filing date. If not disapproved before the expiration of the review period or any extension thereof requested by the corporation, the filing shall be deemed approved. Any disapproval under this subsection shall be applied retrospectively to the date the corporation made such rates effective. Upon application by the corporation, the Mayor may affirmatively approve a filing prior to the end of the review period. All approved rate filings for group subscriber contracts, other than experience rated groups, submitted in other jurisdictions shall be filed with the Mayor for information purposes only.

(d) Contract form and rate filings generally.

(1) Application for approval shall be made to the Mayor in the format, and with the information, that the Mayor requires.

(2) The Mayor may, at any time, require any corporation issued a certificate of authority under this chapter to demonstrate that its filings, including the terms and provisions of its subscriber contract forms, its rates, and its method for setting rates, are in compliance with this section, notwithstanding that the filings then in effect had previously been approved by the Mayor. Any subscriber contract forms and rates previously approved by the Mayor, but subsequently disapproved under this section, shall be considered disapproved on a prospective basis only from the date of such notice of disapproval, unless the corporation made a material misrepresentation in its contract form or rate filings.

(3) If at any time subsequent to the applicable waiting or review period provided for in this section, the Mayor finds that a filing does not meet the requirements of this section, the Mayor shall issue an order to the filer specifying in what respects the Mayor finds that the filing fails to meet the requirements of this section, and stating when, within a reasonable period thereafter, the filing shall be no longer effective. The order shall not affect any subscriber contract, group certificate, or other contract made or issued prior to the expiration of the period set forth in the order. However, the Mayor may, prior to issuing the order and if requested by the filer, hold a hearing upon not less than 10 days written notice to the filer specifying the matters to be considered at the hearing.

(e) Rate filings generally.

(1) Rate filings shall be inclusive of all rates, rating plans, and other documents utilized by a corporation to determine rates.

(2) Rates shall not be excessive, inadequate, or unfairly discriminatory in relation to the services and benefits offered.

(3) In determining whether to disapprove a rate filing, the Mayor shall give due consideration to past and prospective loss experience within and outside the District of Columbia, to underwriting practice and judgment to the extent appropriate, to a reasonable margin for surplus needs, to past and prospective expenses both nationwide and within the District of Columbia, and to all other relevant factors within and outside the District of Columbia. In establishing the rates to be charged individuals with open enrollment subscriber contracts, including individual conversion subscriber contracts, the revenue which would have been otherwise collected by the District of Columbia government through the imposition of the 1% premium tax pursuant to § 31-3514(j), but which a corporation has contributed to a Rate Stabilization Fund in accordance with § 31-3514(j)(1), shall be credited by the corporation to the benefit of this class of subscribers in an amount which assures competitive rates.

(f) Transition provision for contract forms and rates.

(1) As to any corporation heretofore existing and operating on April 9, 1997, and subject to § 31-3523, all subscriber contracts, group certificates, and other contracts issued in the District of Columbia after April 9, 1997, shall be on forms that have been filed and approved under this chapter. The requirement of this section shall not affect the validity of subscriber contracts, group certificates, and other contracts issued in the District of Columbia by such a corporation which are outstanding on April 9, 1997, and have not previously been filed with and approved by the Mayor, but these contracts shall be replaced, at the next contract anniversary date following April 9, 1997, by forms filed and approved under this chapter.

(2) As to any corporation heretofore existing and operating on April 9, 1997 and subject to § 31-3523, all rates applied to subscriber contracts after April 9, 1997, shall be such rates as have been filed and approved under this chapter. The requirements of this section shall not affect the validity of rates applied to subscriber contracts issued by such a corporation which are outstanding on April 9, 1997, and have not previously been filed with and approved by the Mayor, but these rates shall be replaced, at the next contract anniversary date following April 9, 1997, by rates filed and approved under this chapter.

(g) A corporation whose proposed form of subscriber contract or proposed contract rate has been disapproved by the Mayor may contest the Mayor's action in accordance with the procedures of § 31-3522.

HISTORY: 1981 Ed., § 35-4708; Apr. 9, 1997, D.C. Law 11-245, § 9, 44 DCR 1158.

NOTES: SECTION REFERENCES. --This section is referenced in § 31-3505 and § 31-3514.

LEGISLATIVE HISTORY OF LAW 11-245. --See note to § 31-3501.



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D.C. Code § 31-3509 (2009)

§ 31-3509. Reserves [Formerly § 35-4709]

(a) Taking into consideration the nature of the policies issued by the corporation, a corporation shall establish and maintain pro rata gross unearned premium reserves, reserves for incurred but unpaid claims (both reported and unreported), reserves for expenses related to settlement of such claims, and other reserves as required for proper reporting of its financial condition or as required under the form of financial statements required of the corporation.

(b) The reserves required under subsection (a) of this section constitute a liability of the corporation in a determination of its financial condition.

HISTORY: 1981 Ed., § 35-4709; Apr. 9, 1997, D.C. Law 11-245, § 10, 44 DCR 1158.

NOTES: SECTION REFERENCES. --This section is referenced in § 31-3501.

LEGISLATIVE HISTORY OF LAW 11-245. --See note to § 31-3501.



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D.C. Code § 31-3510 (2009)

§ 31-3510. Investments [Formerly § 35-4710]

Notwithstanding any provision of § 31-4435 [repealed], as made applicable by § 31-3503(a)(8), and notwithstanding any other provision of this chapter:

(1) Without the Mayor's prior written consent, a corporation's aggregate investments in real estate pursuant to § 31-4435(d)(1)(A) through (F) [repealed], shall not at any time exceed 20% of the amount of the corporation's admitted assets as reported on the corporation's annual financial statement most recently filed with the Mayor.

(2) A corporation's investments in real estate pursuant to § 31-4435(d)(1)(A) through (F) [repealed], shall in no event exceed the actual cost plus the capitalized value (less normal depreciation) of the permanent improvements.

(3) For real estate owned by a corporation pursuant to § 31-4435(d)(1)(A) [repealed] on April 9, 1997, the corporation may, as its option, determine admitted asset value in accordance with an appraisal most recently conducted prior to April 9, 1997; provided, that the appraisal is acceptable to the Mayor. The difference between the admitted asset value as so identified and the book value (equal to the historical cost, less the value of encumbrances and accumulated depreciation) shall be accounted for as an unrealized gain and credited to reserves and unassigned funds and shall be amortized and charged to reserves and unassigned funds. Thereafter, such real estate shall be valued, for purposes of the financial statements required by § 31-1901, at such appraised value, less accumulated amortization, plus the capitalized value of permanent improvements, less normal depreciation. Normal depreciation on the capitalized value of permanent improvements shall be charged as an expense in the underwriting and investment exhibit to the corporation's annual financial statement.

(4) A corporation shall not invest in or otherwise acquire any affiliate or subsidiary, as those terms are defined in § 31-701, except in accordance with the following:

(A) The business of the affiliate or subsidiary must be directly related to the operation of the corporation or the administration of a health benefits program.

(B) (i) The corporation must submit a statement of proposed action to the Mayor before the corporation:

(I) Creates, invests in, or otherwise acquires any affiliate or subsidiary; or

(II) Alters the legal structure, purpose, or ownership of the corporation or any affiliate or subsidiary of the corporation.

(ii) The statement of proposed action required under this subparagraph shall be filed by the corporation not less than 30 days prior to the effective date of the proposed action.

(iii) The statement of proposed action shall be deemed approved unless disapproved by the Mayor within the 30-day waiting period or any extension thereof requested by the corporation.

(iv) The corporation shall not be required to submit a statement of proposed action to the Mayor under this subparagraph when the proposed action is required to be reported to the Mayor pursuant to Chapter 7 of this title.

HISTORY: 1981 Ed., § 35-4710; Apr. 9, 1997, D.C. Law 11-245, § 11, 44 DCR 1158.

NOTES: LEGISLATIVE HISTORY OF LAW 11-245. --See note to § 31-3501.

EDITOR'S NOTES. --*Section 31-4435*, referred to in this section, has been repealed. For present law, see Chapter 13A of this title, § 31-1371.01 et seq.



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D.C. Code § 31-3511 (2009)

§ 31-3511. Surplus notes [Formerly § 35-4711]

(a) A domestic corporation may borrow or assume a liability for the repayment of a sum of money under a written agreement which provides that the loan or advance shall be repaid only out of surplus of the corporation in excess of such minimum surplus as is stipulated in and by the agreement and if the surplus of the corporation after such payment would meet or exceed the level of surplus the corporation is required to maintain by the Mayor under the laws or regulations of the District of Columbia. The rate of interest specified in such an agreement may be adjusted no more frequently than annually to provide for a rate not exceeding the one-year treasury bill rate plus 3% at the time of adjustment. At the time the loan or advance is made, the interest rate shall not exceed the one-year treasury bill rate plus 3% annum.

(b) Subject to approval by the Mayor, the interest rate on all loans or advances existing on April 9, 1997 can be amended to the rate as permitted in this section with the mutual agreement of the corporation and the lender.

(c) A domestic corporation shall, before entering into an agreement for a loan or advance permitted under this section, file with the Mayor a statement of the purpose of the loan or advance and a copy of the proposed agreement. The Mayor shall disapprove any proposed agreement for a loan or advance if the Mayor finds that the loan or advance is unnecessary or excessive for the purpose intended; that the terms of the agreement are not fair and equitable to the parties and to other lenders, if any, to the corporation; that the information so filed by the corporation is inadequate; or that the terms of the agreement are not otherwise in compliance with this section.

(d) Any loan or advance to a domestic corporation shall be repaid by the corporation when, and to the extent, no longer reasonably necessary for the purpose originally intended; provided, that no repayment of such a loan or advance shall be made unless approved in advance by the Mayor.

(e) Nothing in this section shall be construed to mean that a corporation may not borrow money otherwise than by a loan or advance, but the amount so borrowed with accrued interest thereon shall be carried by the corporation as a liability.

HISTORY: 1981 Ed., § 35-4711; Apr. 9, 1997, D.C. Law 11-245, § 12, 44 DCR 1158.

NOTES: LEGISLATIVE HISTORY OF LAW 11-245. --See note to § 31-3501.



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D.C. Code § 31-3512 (2009)

§ 31-3512. Group subscriber contract standard provisions [Formerly § 35-4712]

No group subscriber contract shall be issued in the District of Columbia by a corporation unless it contains in substance the following provisions, or provisions which in the opinion of the Mayor are more favorable to the subscribers, or at least as favorable to the subscribers and more favorable to the group contractholder; except, that if any provision of this section is in whole or in part inapplicable to or inconsistent with the coverage provided by a particular form of contract, the corporation, with the approval of the Mayor, shall omit from such contract any inapplicable provision or part of a provision, and shall modify any inconsistent provision or part of the provision in such manner as to make the provision as contained in the contract consistent with the coverage provided by the contract:

(1) A provision that the group contractholder is entitled to a grace period of 31 days for the payment of any premium due except the first, during which grace period the contract shall continue in force, unless the group contractholder has given the corporation written notice of discontinuance in advance of the date of discontinuance and in accordance with the terms of the contract; except, that the contract may provide that the contractholder shall be liable to the corporation for the payment of a pro rata premium for the time the contract was in force during such grace period;

(2) A provision that the validity of the contract shall not be contested except for nonpayment of premiums, fraudulent misstatements, noncompliance with contractual provisions and noncompliance with eligibility requirements after it has been in force for 2 years from its date of issue;

(3) A provision that no statement made by any subscriber under the contract relating to insurability may be used in contesting the validity of the coverage with respect to which such statement was made after the subscriber's coverage has been in force for a period of 2 years nor unless it is contained in a written instrument signed by the subscriber, except that this provision need not preclude the assertion at any time of defenses based upon the subscriber's lack of eligibility for coverage under the contract or upon other provisions in the contract unrelated to insurability;

(4) A provision that a copy of the application, if any, of the contractholder shall be attached to the contract when issued, that all statements made by the contractholder or by the subscriber shall be deemed representations and not warranties, and that no statement made by any subscriber may be used in any contest unless a copy of the instrument containing the statement is or has been furnished to such person or, in the event of the death or incapacity of the subscriber, to the individual's beneficiary or personal representative;

(5) A provision setting forth the conditions, if any, under which the corporation reserves the right to require a person eligible for coverage to furnish evidence of individual insurability satisfactory to the corporation as a condition to part or all of the individual's coverage;

(6) A provision that the corporation shall issue to the contractholder for delivery to each subscriber a certificate setting forth a statement as to the coverage to which that person is entitled, to whom benefits are payable, and a statement as to any family member's or dependent's coverage;

(7) A provision that written notice of a claim must be given to the corporation within 15 months after the occurrence or commencement of the date of a service covered by the contract and that failure to give notice within such time shall not invalidate or reduce any claim if it is shown that the contractholder was legally incapacitated prior to the expiration of the 15-month claim filing period;

(8) A provision that the corporation shall furnish to the subscriber under the contract, or to the contractholder for delivery to the subscriber, such forms as are usually furnished by it for filing a claim; and that if such forms are not furnished before the expiration of 20 days after the corporation received notice of any claim under the contract, the person making the claim shall be deemed to have complied with the claims filing requirements of the contract;

(9) A provision that all benefits and indemnification payable under the contract must be paid not more than 60 days after receipt of all necessary information and documentation or proof;

(10) A provision that the corporation has the right to examine the person for whom a claim is so filed under the contract as often as it may reasonably require during the pendency of the claim and also has the right to conduct an autopsy in case of death if doing so is not prohibited by law;

(11) A provision that no action at law or in equity may be brought to recover on the contract before the expiration of 60 days from the date a claim has been filed in accordance with the claim filing requirements of the contract or after a period of 3 years from the last date on which a claim is required to be filed under the claim filing requirements of the contract; and

(12) A provision that allows subscribers who leave such groups to convert, without evidence of insurability, to an individual subscriber contract providing an adequate level of coverage and in accordance with any standards the Mayor prescribes pursuant to § 31-3514(g).

HISTORY: 1981 Ed., § 35-4712; Apr. 9, 1997, D.C. Law 11-245, § 13, 44 DCR 1158.

NOTES: LEGISLATIVE HISTORY OF LAW 11-245. --See note to § 31-3501.



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D.C. Code § 31-3513 (2009)

§ 31-3513. Reports [Formerly § 35-4713]

(a) In addition to the annual statement required by § 31-1901, the Mayor:

(1) May require each corporation to file on a quarterly or other basis any additional reports, exhibits, or statements the Mayor considers necessary to furnish all information concerning the condition, solvency, experience, transactions, or affairs of the corporation. The Mayor may establish deadlines for submitting any additional reports, exhibits, or statements and may require their verification by any officer or officers of the corporation the Mayor designates; and

(2) Shall require each corporation to file annually, on or before June 1, a report, signed by 2 of its principal officers, showing:

(A) The number of the District of Columbia contractholders and subscribers by the following type of contract or its equivalent:

- (i) Individual, open enrollment;
- (ii) Individual conversion subscribers;
- (iii) Group subscribers, as defined by regulation;
- (iv) Medigap and Medicare supplements; and
- (v) Associations;

(B) Total subscriber income, benefit, and indemnification payments for the types of contracts listed in paragraph (1) of this subsection, with a specific breakdown by type of contract if requested by the Mayor; and

(C) Expenditures for providing public services, in addition to open enrollment, in the District of Columbia.

HISTORY: 1981 Ed., § 35-4713; Apr. 9, 1997, D.C. Law 11-245, § 14, 44 DCR 1158.

NOTES: LEGISLATIVE HISTORY OF LAW 11-245. --See note to § 31-3501.



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D.C. Code § 31-3514 (2009)

§ 31-3514. Open enrollment [Formerly § 35-4714]

(a) A corporation issued a certificate of authority under this chapter shall make available to citizens of the District of Columbia an open enrollment program under the terms set forth in this section.

(b) As used in this section, the term:

(1) "Comprehensive individual subscriber contracts" means subscriber contracts, conforming to the requirements of subsection (g) of this section, which are issued to provide basic hospital and medical services, or to provide benefits and indemnification for such services.

(2) "Open enrollment subscriber contracts" means comprehensive individual subscriber contracts issued pursuant to an open enrollment program by a corporation which has a certificate of authority under this chapter and provides coverage to individuals.

(c) A corporation's open enrollment program shall provide for the issuance of open enrollment subscriber contracts without imposition by the corporation of underwriting criteria whereby coverage is denied or subject to cancellation or nonrenewal, in whole or in part, because of an individual's age, health history, medical history, employment status, or, if employed, industry or job classification.

(d) A corporation's open enrollment program shall make open enrollment subscriber contracts available to any individual residing in the District of Columbia, except, that this requirement shall not apply to any individual who is eligible for coverage as an employee of an employer which provides, in whole or in part, basic hospital and medical services, benefits, and indemnification coverage to its employees.

(e) A corporation's open enrollment program shall be available on a year-round basis.

(f) Repealed.

(g) The Mayor may prescribe minimum standards to govern the contents of comprehensive individual subscriber contracts issued pursuant to this section. Such minimum standards shall ensure that these contracts provide hospital and medical services, or benefits and indemnification for a comprehensive range of health care needs without qualifying exclusions that fail to protect the subscriber under normal circumstances. Such minimum standards shall also ensure that the option of obtaining comprehensive individual subscriber contract coverage is made available to all individuals included within the definition of "open enrollment subscriber contracts" in subsection (b)(2) of this section.

(h) The Mayor may prescribe minimum standards specifically to govern the content of comprehensive individual subscriber contracts issued to individuals who have converted from group subscriber contracts to individual coverage because of termination of the individual's eligibility for group coverage.

(i) A corporation issued a certificate of authority under this chapter shall provide other public services in the District of Columbia consisting of health-related educational support for residents of the corporation's service area who, based upon such educational support, may experience a lesser need for hospital and medical services, or benefits and indemnification for such services.

(j) (1) A corporation shall maintain a separately established rate stabilization fund ("RS Fund") to be used solely to subsidize open enrollment subscribers pursuant to subsections (c) and (d) of this section. A corporation shall deposit an amount necessary and appropriate to maintain the open enrollment program of the corporation pursuant to subsection (k)(1) of this section; provided, that the corporation shall not deduct an aggregate amount exceeding \$ 550,000 of its payment to the RS Fund from the amount otherwise due by the corporation under § 47-2608(a). The RS Fund shall not be used to pay marketing or promotional expenses associated with the program. Unless the corporation elects to terminate the RS Fund pursuant to subsection (k)(3) of this section, the corporation shall carry over from year to year all unexpended funds in the RS Fund, including interest earned on investment of the funds in the RS Fund.

(2) In the rate filings for the open enrollment program required by § 31-3508, a corporation shall provide documentation to the Mayor confirming the existence of the RS Fund, identifying the amounts paid from the RS Fund to subsidize open enrollment rates, and specifying the RS Fund balance at year end and as of the date of the corporation's filing. The Mayor shall order annually an independent audit of the RS Fund, the expenses of which shall be paid by the corporation. If the Mayor determines, with or without an audit, that all or any portion of the money in the RS Fund is not being used to subsidize open enrollment rates or is not being reasonably set aside in anticipation of projected subsidies of open enrollment rates in future years, the Mayor may order the corporation to pay the revenue not being so used or set aside to the Healthy DC Fund established by § 31-3514.02.

(k) A corporation shall continue to offer the program to each subscriber as long as the subscriber renews his or her coverage under the program.

(l) Any proposed rates filed by a corporation with the Mayor pursuant to § 31-3508 which are to be applied to open enrollment subscriber contracts, including individual conversion subscriber contracts, shall include a factor crediting for the benefit of this class of subscribers in an amount which assures competitive rates, the revenue which would have been otherwise collected by the District of Columbia government as a premium tax pursuant to § 31-3514(j).

(m) The open enrollment program shall maintain the following affordability and adequacy criteria for individual participants:

(1) Annual premium costs shall not exceed 125% of standard individual market rates and shall be determined once every 12 months.

(2) Cost sharing, deductibles, and co-insurance shall not exceed those in the corporation's most popular policy available to small employers in the District.

(3) Subscriber contracts shall not contain service limitations or lifetime or annual benefit maximums.

(4) Subscriber contracts and contract forms shall be subject to § 31-3508.

(5) Subscriber contracts and contract forms shall not contain exclusions or riders for pre-existing conditions.

(n) A corporation shall prominently advertise the availability of its open enrollment subscriber contracts continuously on the Internet and at least quarterly in a newspaper of general circulation throughout the District. The content and format of the advertising shall be filed with the Commissioner no less than 30 days before its appearance in a newspaper or on the Internet.

(o) The corporation shall make the open enrollment program available for a minimum of 2500 subscribers. The corporation shall submit a report annually on October 1 to the Commissioner on the number of subscribers enrolled.

HISTORY: 1981 Ed., § 35-4714; Apr. 9, 1997, D.C. Law 11-245, § 15, 44 DCR 1158; June 11, 2004, D.C. Law 15-166, § 4(u)(3), 51 DCR 2817; Mar. 2, 2007, D.C. Law 16-192, § 5012(b), 53 DCR 6899; Mar. 25, 2009, D.C. Law 17-369, § 2(f), 56 DCR 1346.

NOTES: SECTION REFERENCES. --This section is referenced in § 31-205, § 31-3501, § 31-3505, § 31-3508, § 31-3512, § 31-3515, § 31-3516, and § 47-2608.

EFFECT OF AMENDMENTS. --D.C. Law 15-166 substituted "Department of Insurance, Securities, and Banking" for "Department of Insurance and Securities Regulation" twice in (j)(3).

D.C. Law 16-192 repealed (f); and rewrote (j) and (k).

The 2009 amendment by D.C. Law 17-369 substituted "shall order annually an independent audit" for "may order an independent audit" in (j)(2); rewrote (k); and added (m) through (o).

EMERGENCY LEGISLATION. --For temporary amendment of (j)(3), see § 4(u)(3) of the Consolidation of Financial Services Emergency Amendment Act of 2004 (February 27, 2004, D.C. Act 15-381, 51 DCR 2652).

For temporary repeal of (f), and amendment of (j) and (k), see § 5012(b) of the Fiscal Year 2007 Budget Support Emergency Act of 2006 (D.C. Act 16-477, August 8, 2006, 53 DCR 7068).

For temporary repeal of (f) and amendment of (j) and (k), see § 5012(b) of the Fiscal Year 2007 Budget Support Congressional Review Emergency Act of 2006 (D.C. Act 16-499, October 23, 2006, 53 DCR 8845).

For temporary repeal of (f) and amendment of (j) and (k), see § 5012(b) of the Fiscal Year 2007 Budget Support Congressional Review Emergency Act of 2007 (D.C. Act 17-1, January 16, 2007, 54 DCR 1165).

For temporary addition of D.C. Law 17-369, § 2a, providing that the 2009 amendment by D.C. Law 17-369 shall apply as of July 10, 2009, see § 2 of the Medical Insurance Empowerment Emergency Amendment Act of 2009 (D.C. Act 18-51, April 29, 2009, 56 DCR 3586).

LEGISLATIVE HISTORY OF LAW 11-245. --See note to § 31-3501.

LEGISLATIVE HISTORY OF LAW 15-166. --See note to § 31-3502.

LEGISLATIVE HISTORY OF LAW 16-192. --See note to § 31-3501.

LEGISLATIVE HISTORY OF LAW 17-369. --See note to § 31-3501.



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D.C. Code § 31-3514.01 (2009)

§ 31-3514.01. Tax and related payments

A corporation shall be subject to § 47-2608.

HISTORY: D.C. Law 11-245, § 15a, as added Mar. 2, 2007, D.C. Law 16-192, § 5012(c), 53 DCR 6899.

NOTES: SECTION REFERENCES. --This section is referenced in § 31-3514 and § 31-3514.02.

EFFECT OF AMENDMENTS. --D.C. Law 16-192 added this section.

EMERGENCY LEGISLATION. --For temporary addition of section, see § 5012(c) of the Fiscal Year 2007 Budget Support Emergency Act of 2006 (D.C. Act 16-477, August 8, 2006, 53 DCR 7068).

For temporary addition of section, see § 5012(c) of the Fiscal Year 2007 Budget Support Congressional Review Emergency Act of 2006 (D.C. Act 16-499, October 23, 2006, 53 DCR 8845).

For temporary addition of section, see § 5012(c) of the Fiscal Year 2007 Budget Support Congressional Review Emergency Act of 2007 (D.C. Act 17-1, January 16, 2007, 54 DCR 1165).

LEGISLATIVE HISTORY OF LAW 16-192. --See note to § 31-3501.



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D.C. Code § 31-3514.02 (2009)

§ 31-3514.02. Establishment of Healthy DC Fund

(a) There is established as a nonlapsing fund the Healthy DC Fund ("Fund"). All funds deposited into the Fund, and any interest earned on those funds, shall not revert to the unrestricted fund balance of the General Fund of the District of Columbia at the end of a fiscal year, or at any other time, but shall be continually available to support the Healthy DC Program, established by Part I of subchapter IV of Chapter 1 of Title 1 without regard to fiscal year limitation, subject to authorization by Congress.

(b) There shall be deposited into the Fund:

- (1) All tax revenue generated pursuant to § 31-3514.01;
- (2) Any other local funds, including any fees, penalties, or other tax revenue required by District law, including a portion of the premium tax imposed on health maintenance organizations, as required by Chapter 34 of this title;
- (3) Annual appropriations, if any;
- (4) Federal grant funds;
- (5) All fines and penalties collected pursuant to Part I of subchapter IV of Chapter 1 of Title 1; and
- (6) Grants, gifts, or subsidies from public or private sources.

HISTORY: D.C. Law 11-245, § 15b, as added Mar. 2, 2007, D.C. Law 16-192, § 5012(c), 53 DCR 6899; Aug. 16, 2008, D.C. Law 17-219, § 5050, 55 DCR 7598; Mar. 25, 2009, D.C. Law 17-353, § 138, 56 DCR 1117.

NOTES: CROSS REFERENCES. --Healthy DC Program, § 4-631 et seq.

SECTION REFERENCES. --This section is referenced in § 4-632, § 4-637, § 31-3403.01, § 31-3501, and § 31-3514.

EFFECT OF AMENDMENTS. --D.C. Law 16-192 added this section.

D.C. Law 17-219 rewrote the section.

The 2009 amendment by D.C. Law 17-353 made a technical correction to the version of this section as it existed prior to its amendment by D.C. Law 17-219.

TEMPORARY LEGISLATION. --Section 202 of D.C. Law 17-326 added (c) to read as follows:

"(c) Notwithstanding subsection (a) of this section, for fiscal year 2009 the Mayor is authorized to expend up to \$8.5 million, as available, from the Healthy DC Fund for purposes other than to support the Healthy DC Program."

Section 402(b) of D.C. Law 17-326 provided that the act shall expire after 225 days of its having taken effect.

EMERGENCY LEGISLATION. --For temporary addition of section, see § 5012(c) of the Fiscal Year 2007 Budget Support Emergency Act of 2006 (D.C. Act 16-477, August 8, 2006, 53 DCR 7068).

For temporary addition of section, see § 5012(c) of the Fiscal Year 2007 Budget Support Congressional Review Emergency Act of 2006 (D.C. Act 16-499, October 23, 2006, 53 DCR 8845).

For temporary addition of section, see § 5012(c) of the Fiscal Year 2007 Budget Support Congressional Review Emergency Act of 2007 (D.C. Act 17-1, January 16, 2007, 54 DCR 1165).

For temporary addition of (c), see § 202 of the Fiscal Year 2009 Balanced Budget Support Emergency Amendment Act of 2008 (D.C. Act 17-572, December 2, 2008, 55 DCR 12452).

For temporary addition of (c), see § 202 of the Fiscal Year 2009 Balanced Budget Support Congressional Review Emergency Amendment Act of 2009 (D.C. Act 18-13, February 23, 2009, 56 DCR 1920).

LEGISLATIVE HISTORY OF LAW 16-192. --See note to § 31-3501.

LEGISLATIVE HISTORY OF LAW 17-219. --Law 17-219, the "Fiscal Year 2009 Budget Support Act of 2008," was introduced in Council and assigned Bill No. 17-733. The Bill was adopted on first and second readings on May 6, 2008, and June 3, 2008, respectively. Signed by the Mayor on June 24, 2008, it was assigned Act No. 17-419 and transmitted to Congress for its review. D.C. Law 17-219 became effective on Aug. 16, 2008.

LEGISLATIVE HISTORY OF LAW 17-326. --Law 17-326, the "Fiscal Year 2009 Balanced Budget Support Temporary Amendment Act of 2008," was introduced in Council and assigned Bill No. 17-990. The Bill was adopted on first and second readings on Nov. 10, 2008, and Dec. 2, 2008, respectively. Signed by the Mayor on Dec. 22, 2008, it was assigned Act No. 17-631 and transmitted to Congress for its review. D.C. Law 17-326 became effective on Mar. 21, 2009, and expires on Nov. 1, 2009.

LEGISLATIVE HISTORY OF LAW 17-353. --Law 17-353, the "Technical Amendments Act of 2008," was introduced in Council and assigned Bill No. 17-994. The Bill was adopted on first and second readings on Dec. 2, 2008 and Dec. 16, 2008, respectively. Signed by the Mayor on Jan. 26, 2009, it was assigned Act. No. 17-687 and transmitted to Congress for its review. D.C. Law 17-353 became effective on Mar. 25, 2009.



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D.C. Code § 31-3515 (2009)

§ 31-3515. Conversion to a for-profit entity [Formerly § 35-4715]

A corporation issued a certificate of authority under this chapter shall not be converted into a stock corporation, partnership, limited liability company, or other business entity organized for profit.

HISTORY: 1981 Ed., § 35-4715; Apr. 9, 1997, D.C. Law 11-245, § 16, 44 DCR 1158; Apr. 11, 2003, D.C. Law 14-297, § 401(c), 50 DCR 330; Dec. 9, 2003, D.C. Law 15-56, § 3(a), 50 DCR 9188; Mar. 25, 2009, D.C. Law 17-369, § 2(g), 56 DCR 1346.

NOTES: EFFECT OF AMENDMENTS. --D.C. Law 14-297 substituted "Chapter 13A of this title" for "31-4441" in (b)(2).

D.C. Law 15-56 inserted "not involving a nonprofit hospital service plan or medical service plan" in the introductory paragraph of (b); and added (b-1).

The 2009 amendment by D.C. Law 17-369 rewrote the section.

TEMPORARY LEGISLATION. --Section 3(a) of D.C. Law 14-217 inserted "not involving a nonprofit hospital service plan or medical service plan" in introductory paragraph of (b) and added a (b-1).

Section 5(b) of D.C. Law 14-217 provided that the act shall expire after 225 days of its having taken effect.

EMERGENCY LEGISLATION. --For temporary amendment of section, see § 3(a) of the Department of Insurance and Securities Regulation Merger Review Emergency Amendment Act of 2002 (D.C. Act 14-457, July 23, 2002, 49 DCR 8132).

For temporary amendment of (b) and addition of (b-1), see § 3(a) of the Department of Insurance and Securities Regulation Merger Review Congressional Review Emergency Amendment Act of 2002 (D.C. Act 14-513, Oct. 23, 2002, 49 DCR 10475).

For temporary amendment of (b) and addition of (b-1), see § 3(a) of the Department of Insurance and Securities Regulation Merger Review Congressional Review Emergency Amendment Act of 2003 (D.C. Act 15-8, January 27, 2003, 50 DCR 1473).

For temporary amendment of (b) and addition of (b-1), see § 3(a) of the Department of Insurance and Securities Regulation Merger Review Emergency Act of 2003 (D.C. Act 15-205, October 24, 2003, 50 DCR 9845), and § 3(a) of the

Department of Insurance and Securities Regulation Merger Review Second Congressional Review Emergency Amendment Act of 2003 (D.C. Act 15-257, November 25, 2003, 50 DCR 11006).

LEGISLATIVE HISTORY OF LAW 11-245. --See note to § 31-3501.

LEGISLATIVE HISTORY OF LAW 14-217. --Law 14-217, the "Department of Insurance and Securities Regulation Merger Review Temporary Amendment Act of 2002," was introduced in Council and assigned Bill No. 14-571. The Bill was adopted on first and second readings on July 2, 2002, and September 17, 2002, respectively. Signed by the Mayor on October 3, 2002, it was assigned Act No. 14-465 and transmitted to Congress for its review. D.C. Law 14-217 became effective on March 25, 2003, and expires on November 5, 2003.

LEGISLATIVE HISTORY OF LAW 14-297. --Law 14-297, the "Investments of Insurers Act of 2002," was introduced in Council and assigned Bill No. 14-222. The Bill was adopted on first and second readings on November 7, 2002, and December 3, 2002, respectively. Signed by the Mayor on December 23, 2002, it was assigned Act No. 14-573 and transmitted to Congress for its review. D.C. Law 14-297 became effective on April 11, 2003.

LEGISLATIVE HISTORY OF LAW 15-56. --Law 15-56, the "Department of Insurance and Securities Regulation Merger Review Amendment Act of 2003," was introduced in Council and assigned Bill No. 15-18. The Bill was adopted on first and second readings on July 8, 2003, and Sept. 16, 2003, respectively. Signed by the Mayor on Oct. 6, 2003, it was assigned Act No. 15-175 and transmitted to Congress for its review. D.C. Law 15-56 became effective on Dec. 9, 2003.

LEGISLATIVE HISTORY OF LAW 17-369. --See note to § 31-3501.

EDITOR'S NOTES. --As enacted by D.C. Law 15-56, subsection (b-1) ended "section (b)(1) through (4) of this subsection." The phrase "subsections (b)(1) through (4) of this section" was substituted therefor by LexisNexis.



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D.C. Code § 31-3516 (2009)

§ 31-3516. Conversion to a mutual company [Formerly § 35-4716]

A corporation issued a certificate of authority under this chapter shall not be converted into a mutual insurance company.

HISTORY: 1981 Ed., § 35-4716; Apr. 9, 1997, D.C. Law 11-245, § 17, 44 DCR 1158; Dec. 9, 2003, D.C. Law 15-56, § 3(b), 50 DCR 9188; Mar. 25, 2009, D.C. Law 17-369, § 2(h), 56 DCR 1346.

NOTES: EFFECT OF AMENDMENTS. --D.C. Law 15-56 inserted "not involving a nonprofit hospital service plan or medical service plan" in the introductory paragraph of (b); and added (b-1).

The 2009 amendment by D.C. Law 17-369 rewrote the section.

TEMPORARY LEGISLATION. --Section 3(b) of D.C. Law 14-217 inserted "not involving a nonprofit hospital service plan or medical service plan" in the introductory paragraph of (b) and added (b-1).

Section 5(b) of D.C. Law 14-217 provided that the act shall expire after 225 days of its having taken effect.

EMERGENCY LEGISLATION. --For temporary amendment of section, see § 3(b) of the Department of Insurance and Securities Regulation Merger Review Emergency Amendment Act of 2002 (D.C. Act 14-457, July 23, 2002, 49 DCR 8132).

For temporary amendment of (b) and addition of (b-1), see § 3(b) of the Department of Insurance and Securities Regulation Merger Review Congressional Review Emergency Amendment Act of 2002 (D.C. Act 14-513, Oct. 23, 2002, 49 DCR 10475), § 3(b) of the Department of Insurance and Securities Regulation Merger Review Congressional Review Emergency Amendment Act of 2003 (D.C. Act 15-8, January 27, 2003, 50 DCR 1473), § 3(b) of the Department of Insurance and Securities Regulation Merger Review Emergency Amendment Act of 2003 (D.C. Act 15-205, October 24, 2003, 50 DCR 9845), and § 3(b) of the Department of Insurance and Securities Regulation Merger Review Second Congressional Review Emergency Amendment Act of 2003 (D.C. Act 15-257, November 25, 2003, 50 DCR 11006).

LEGISLATIVE HISTORY OF LAW 11-245. --See note to § 31-3501.

LEGISLATIVE HISTORY OF LAW 14-217. --See note to § 31-3515.

LEGISLATIVE HISTORY OF LAW 15-56. --See note to § 31-3515.

LEGISLATIVE HISTORY OF LAW 17-369. --See note to § 31-3501.

EDITOR'S NOTES. --As enacted by D.C. Law 15-56, subsection (b-1) ended "section (b)(1) through (4) of this subsection." The phrase "subsections (b)(1) through (4) of this section" was substituted therefor by LexisNexis.



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D.C. Code § 31-3517 (2009)

§ 31-3517. Management contracts and service agreements [Formerly § 35-4717]

(a) Any management contract or service agreement which delegates to any person or organization all or part of a substantial management duty, function, or other form of control of a corporation, such as adjustment of claims, production of business, investment of assets, or general servicing of the corporation's business, must be filed with the Mayor at least 30 days before the effective date of the contract or agreement.

(b) This requirement in subsection (a) of this section shall not apply to personal services contracts of executives of a corporation. Nor shall that requirement apply to contracts by groups of affiliated companies for shared services, such as maintenance, security, purchasing, and the like, where costs to the individual member companies are charged on an actually incurred or pro rata basis, except that these contracts shall be in writing.

(c) The Mayor shall disapprove any management contract or service agreement filed pursuant to subsection (a) of this section if, at any time, the Mayor finds one or more of the following:

(1) That the service or management charges are based upon criteria unrelated either to the managed corporation's profits or the reasonable, customary, and usual charges for such services, or are based on factors unrelated to the value of such services to the corporation;

(2) That management personnel or other employees of the corporation are to perform functions and receive any remuneration therefor under the management contract or service agreement in addition to the compensation received by way of salary for their services directly from the corporation;

(3) That the management contract or service agreement would transfer:

(A) Substantial control of the corporation or the basic functions of the corporation's management; or

(B) Any of the powers vested in the board of directors or trustees by statute, the corporation's articles of incorporation, or its bylaws;

(4) That the management contract or service agreement contains provisions which would be clearly detrimental to the best interests of contractholders or subscribers of the corporation; or

(5) That the officers, directors, or trustees of the contractor under the management contract or service agreement are of bad character or have been affiliated, directly or indirectly, through ownership, control, management, reinsurance transactions, or other insurance or business relations with any person or persons who have been involved in the improper manipulation of assets, accounts, or reinsurance.

(d) If the Mayor disapproves any management contract or service agreement filed pursuant to subsection (a) of this section, written notice of the reason for such action shall be given to the corporation, which may contest the Mayor's action in accordance with the procedures in § 31-3522.

(e) Any amendments to a management contract or service agreement shall be filed with the Mayor at least 30 days before they become effective. Any change in the officers, directors, or trustees of the contractor under a management contract or service agreement shall be reported to the Mayor within 10 days after such change occurs. Upon review of such amendments and changes, the Mayor may disapprove the management contract or service agreement in accordance with the provisions of subsections (c) and (d) of this section.

(f) Any management contract or service agreement filed pursuant to subsection (a) of this section, and any amendment thereto, shall be deemed approved unless disapproved by the Mayor within 30 days after it is filed with the Mayor.

HISTORY: 1981 Ed., § 35-4717; Apr. 9, 1997, D.C. Law 11-245, § 18, 44 DCR 1158.

NOTES: LEGISLATIVE HISTORY OF LAW 11-245. --See note to § 31-3501.



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D.C. Code § 31-3518 (2009)

§ 31-3518. Directors and trustees [Formerly § 35-4718]

Notwithstanding § 31-706(c)(3), or any other provision of District of Columbia insurance law referenced in § 31-3503, the following provisions shall apply to a domestic corporation issued a certificate of authority under this chapter:

- (1) The board of directors or trustees shall consist of not less than 5 nor more than 21 members, who shall be elected by a majority of the members of the board. The term of a director or trustee shall be not less than 1 year nor more than 3 years, and shall be specified in the corporation's bylaws.
- (2) The directors or trustees of a domestic corporation shall at all times include subscriber representatives.
- (3) A majority of the board of directors or trustees shall at all times consist of members other than employees and officers of the corporation, or of any affiliate or subsidiary of the corporation.
- (4) Not less than one-third of the members of the board of directors or trustees shall be residents of the District of Columbia.
- (5) The articles of incorporation or bylaws of a domestic corporation shall state the number of directors or trustees necessary to constitute a quorum for conducting business at its meetings and the number of directors' or trustees' votes necessary to effect action on any matter presented for a vote of the board of directors or trustees. In regard to any matter involving conversion to a mutual or stock insurance company, or merger, consolidation, or other form of reorganization of the corporation, the affirmative vote of at least 80% of all directors or trustees shall be required to effect action by the board.

HISTORY: 1981 Ed., § 35-4718; Apr. 9, 1997, D.C. Law 11-245, § 19, 44 DCR 1158.

NOTES: LEGISLATIVE HISTORY OF LAW 11-245. --See note to § 31-3501.



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D.C. Code § 31-3519 (2009)

§ 31-3519. Reports to directors and trustees [Formerly § 35-4719]

The officers or other management of a corporation issued a certificate of authority under this chapter shall report to its board of directors or trustees, no less often than quarterly, regarding any and all transactions or events that have, or are likely to have, a material impact on the operations or financial condition of the corporation.

HISTORY: 1981 Ed., § 35-4719; Apr. 9, 1997, D.C. Law 11-245, § 20, 44 DCR 1158.

NOTES: LEGISLATIVE HISTORY OF LAW 11-245. --See note to § 31-3501.



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D.C. Code § 31-3520 (2009)

§ 31-3520. Oversight role and fiduciary obligation of directors, officers, and employees [Formerly § 35-4720]

(a) The Mayor shall promulgate regulations establishing the oversight role and fiduciary obligation of each member of the board of directors or trustees of a corporation issued a certificate of authority under this chapter. Such regulations shall require the corporation to adopt a code of conduct and compliance program for all board members, officers and employees of the corporation.

(b) A corporation issued a certificate of authority under this chapter shall file with the Mayor annually, on or before June 1, a copy of its bylaws which shall require the corporation's board of directors or trustees to adopt policies consistent with the provisions of the code of conduct and compliance program regulations promulgated by the Mayor. Any amendments to the bylaws shall be filed with the Mayor by the corporation within 30 days of adoption by the board.

HISTORY: 1981 Ed., § 35-4720; Apr. 9, 1997, D.C. Law 11-245, § 21, 44 DCR 1158.

NOTES: LEGISLATIVE HISTORY OF LAW 11-245. --See note to § 31-3501.



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D.C. Code § 31-3521 (2009)

§ 31-3521. Sanctions for violations [Formerly § 35-4721]

(a) If the directors or trustees of a corporation issued a certificate of authority under this chapter knowingly violate, or knowingly permit any of the officers, employees, or agents of the corporation to violate, any provision of this chapter, any other provision of law made applicable to the corporation by this chapter, or any regulation promulgated under this chapter or such other provisions of law, the certificate of authority granted to the corporation may be suspended or revoked upon a determination of such violation by the Mayor.

(b) Forfeiture of monetary gain; civil money penalties.

(1) The Mayor may require a corporation issued a certificate of authority under this chapter, and any director, trustee, officer, employee, or agent of such a corporation, that the Mayor finds has willfully violated any provision of this chapter, any other provision of law made applicable to the corporation by this chapter, or any regulations promulgated under this chapter or such other provision of law to forfeit any monetary gain derived thereby to the Treasurer of the District of Columbia or to any person who has suffered financial injury or damage as a result of the violation. Upon a determination of such violation by the Mayor, the Mayor also may impose a civil penalty against a corporation in an amount not to exceed \$ 25,000 for each violation, and as to an individual an amount not to exceed \$ 5,000 for each type of violation, not to exceed \$ 25,000 in total for each type of violation.

(2) For the purposes of this section, the terms "violate" and "violation" denote any action, alone or with another or others, that involves causation, participation in, counseling, aiding, or abetting.

(3) A person or organization against whom a forfeiture or penalty has been imposed under this section may, within 30 days after service of written notice thereof by hand delivery or mail, make a written request for a hearing on such action by delivering the request to the Department of Insurance, Securities, and Banking. The hearing shall commence in not fewer than 10 days nor more than 30 days from the date on which the request for a hearing is received by the Department of Insurance, Securities, and Banking. The hearing and its disposition shall be governed by the rules for contested cases set forth in Title 26 (Insurance) of the District of Columbia Municipal Regulations (26 DCMR).

(4) The resignation, separation, or termination of a director, trustee, officer, employee, or agent (including a separation caused by the liquidation of a corporation issued a certificate of authority under this chapter) shall not affect the jurisdiction and authority of the Mayor to issue any notice and proceed under this subsection against any such individual, if the notice is served before the end of the 3-year period beginning on the date on which the individual ceased to be a director, trustee, officer, employee, or agent.

(c) Whenever the Mayor determines that a corporation issued a certificate of authority under this chapter, or that a director, trustee, officer, employee, or agent of such a corporation has committed or is about to commit a violation of this chapter or of any rule, regulation, or order issued hereunder, the Mayor may issue an order directing such corporation or individual to cease and desist from violating or continuing to violate this chapter or any such rule, regulation, or order, subject to the notice, hearing, and other procedural requirements in subsection (b) of this section.

(d) The foregoing penalties and remedies shall be in addition to, and not in lieu of, any other penalty which may be imposed pursuant to any other provision of law which this chapter makes applicable to a corporation and its officers, directors, employees, and agents. This section shall not be construed to prevent any person financially damaged by a director, trustee, officer, employee, or agent of a corporation from bringing a separate cause of action in a court of competent jurisdiction.

(e) Whenever the Mayor determines that a corporation issued a certificate of authority under this chapter, or that a director, trustee, officer, employee, or agent of such a corporation, has willfully violated this chapter, the Mayor shall report such violation to the Attorney General of the District of Columbia. Willful violations of this chapter shall be deemed misdemeanors, except where other provisions of this chapter or other provisions of law made applicable by this chapter provide for greater criminal liability. Prosecutions authorized by this section shall be upon information filed in the Superior Court of the District of Columbia by the Attorney General or any of his or her assistants. Any corporation convicted of a willful violation of this chapter shall be fined in an amount not to exceed \$ 50,000 for each violation. In addition to any fines or punishments imposed for violations of any other laws, any individual convicted of a willful violation of this chapter shall be fined in an amount not to exceed \$ 5,000 for each violation; or, if such violation involves the deliberate perpetration of a fraud upon the corporation, its subscribers, or the Mayor, imprisoned for not more than 1 year, or both.

HISTORY: 1981 Ed., § 35-4721; Apr. 9, 1997, D.C. Law 11-245, § 22, 44 DCR 1158; June 11, 2004, D.C. Law 15-166, § 4(u)(4), 51 DCR 2817.

NOTES: EFFECT OF AMENDMENTS. --D.C. Law 15-166 substituted "Department of Insurance, Securities, and Banking" for "Department of Insurance and Securities Regulation" twice in (b)(3).

EMERGENCY LEGISLATION. --For temporary amendment of (b)(3), see § 4(u)(4) of the Consolidation of Financial Services Emergency Amendment Act of 2004 (February 27, 2004, D.C. Act 15-381, 51 DCR 2652).

LEGISLATIVE HISTORY OF LAW 11-245. --See note to § 31-3501.

LEGISLATIVE HISTORY OF LAW 15-166. --See note to § 31-3502.



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D.C. Code § 31-3522 (2009)

§ 31-3522. Appeals [Formerly § 35-4722]

If, within the time for approval, the Mayor sends notice of disapproval of the proposed form of any subscriber contract, of proposed contract rates, or of any management contract or service agreement required by this chapter to be approved by the Mayor, the affected corporation may contest the Mayor's decision. Any action to contest the Mayor's decision shall be initiated within 30 days from the date on which the notice of decision is served on the corporation by delivering a written request for a hearing to the Department of Insurance, Securities, and Banking. The hearing shall commence in not fewer than 10 days nor more than 30 days from the date on which the action to contest the Mayor's decision is received by the Department of Insurance, Securities, and Banking. The hearing and its disposition shall be governed by the procedures for contested cases in Chapter 1 of Title 26 (Insurance) of the District of Columbia Municipal Regulations (26 DCMR chapter 1).

HISTORY: 1981 Ed., § 35-4722; Apr. 9, 1997, D.C. Law 11-245, § 23, 44 DCR 1158; June 11, 2004, D.C. Law 15-166, § 4(u)(5), 51 DCR 2817.

NOTES: SECTION REFERENCES. --This section is referenced in § 31-3508 and § 31-3517.

EFFECT OF AMENDMENTS. --D.C. Law 15-166 twice substituted "Department of Insurance, Securities, and Banking" for "Department of Insurance and Securities Regulation."

EMERGENCY LEGISLATION. --For temporary amendment of section, see § 4(u)(5) of the Consolidation of Financial Services Emergency Amendment Act of 2004 (February 27, 2004, D.C. Act 15-381, 51 DCR 2652).

LEGISLATIVE HISTORY OF LAW 11-245. --See note to § 31-3501.

LEGISLATIVE HISTORY OF LAW 15-166. --See note to § 31-3502.



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D.C. Code § 31-3523 (2009)

§ 31-3523. General transition provisions [Formerly § 35-4723]

(a) In his or her sole discretion, the Mayor may provide, upon application and for good cause shown by a corporation in existence and operating in the District of Columbia on April 9, 1997, for a reasonable period of time for such corporation to comply with any requirement of this chapter.

(b) Notwithstanding any provisions to the contrary in Chapter 7 of this title, or this chapter, a transaction ongoing as of April 9, 1997, which would otherwise be subject to the notice requirements of § 31-706(a), shall be filed with the Mayor for approval no later than 90 days after April 9, 1997, only if the transaction involves more than 3% of the amount of admitted assets or more than 20% of the amount of surplus of the corporation as of the 31st day of the previous December, whichever amount is less. Failure of the Mayor to act within 60 days after such a filing shall constitute approval of the transaction. The Mayor shall not disapprove a transaction ongoing as of April 9, 1997, if the transaction was lawful when begun. Extension or renewal of a transaction ongoing as of April 9, 1997, shall be subject to the notice and other requirements of the Holding Company Systems Act of 1993, and shall not be renewed or extended except upon terms approved by the Mayor.

HISTORY: 1981 Ed., § 35-4423; Apr. 9, 1997, D.C. Law 11-245, § 24, 44 DCR 1158.

NOTES: SECTION REFERENCES. --This section is referenced in § 31-3508.

LEGISLATIVE HISTORY OF LAW 11-245. --See note to § 31-3501.



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D.C. Code § 31-3523.01 (2009)

§ 31-3523.01. Regulatory authority

Nothing in this chapter shall be construed to diminish the authority of the Council to regulate the affairs of Group Hospitalization and Medical Services, Inc.

HISTORY: D.C. Law 11-245, § 24a, as added Mar. 25, 2009, D.C. Law 17-369, § 2(i), 56 DCR 1346.

NOTES: EFFECT OF AMENDMENTS. --The 2009 amendment by D.C. Law 17-369 added this section.

LEGISLATIVE HISTORY OF LAW 17-369. --See note to § 31-3501.



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D.C. Code § 31-3524 (2009)

§ 31-3524. Rules and regulations [Formerly § 35-4724]

The Mayor, in accordance with subchapter I of Chapter 5 of Title 2, shall issue rules to implement the provisions of this chapter.

HISTORY: 1981 Ed., § 35-4724; Apr. 9, 1997, D.C. Law 11-245, § 25, 44 DCR 1158; Mar. 25, 2009, D.C. Law 17-369, § 2(j), 56 DCR 1346.

NOTES: EFFECT OF AMENDMENTS. --The 2009 amendment by D.C. Law 17-369 substituted "shall issue rules" for "may issue rules."

LEGISLATIVE HISTORY OF LAW 11-245. --See note to § 31-3501.

LEGISLATIVE HISTORY OF LAW 17-369. --See note to § 31-3501.